

# Funding Instruction

Modifications  
to the  
Education Finance Act

December 18, 2003

# Elements of the EFA

- Base Student Cost
- Weighted Pupil Units
- Index of Taxpaying Ability
- Ratio of state to local support

# Base Student Cost

- Incorporates instruction for students in kindergarten through age 21
- Uses the statutory and regulatory requirements
- Adds funding for data collection and reporting and parental involvement
- Recognizes district costs for transportation, professional development and materials at Fiscal Year 2002 levels

# Elements in the Base Student Cost

- Classroom teachers: 87 percent in “regular education”; 13 percent working with students with disabilities
- Average teacher salary: \$41,691 plus 23 percent fringe benefits
- Professional development: \$903 per teacher
- Instructional Supplies: \$200 per teacher
- Teacher Quality Act: Five additional days (\$1,322 per teacher)
- Administration to include principal, secretary, media specialist
- Counselors, nurse, resource officer at middle school
- Reporting requirements for EAA and NCLB
- School wide functions such as parental involvement, preschoolers with disabilities and K-5 enhancement (lottery)
- District Cost Overlay: required administrators, audit, maintenance and operations, instructional supplies, transportation (beyond state appropriation), technology, alternative schools and ADEPT

# BASE STUDENT COST EXCLUDING CLASSROOM TEACHER COSTS

- Elementary: \$2,347.14
- Middle: \$2,374.35
- High: \$2,425.48

# Teacher-Student Ratios

- Today's regulations specify a variety of ratios depending upon grade levels (1:30 for kindergarten, 1:21 for reading and math in primary grades, 1:15 for K-2 class size reduction, 1:35 for other classes)
- Today's regulations specify ratios for special programs depending upon service models (gifted and talented, disabilities self-contained, disabilities resource)
- Multi-year research studies in Wisconsin and Tennessee suggest that 17-21 students is an effective mid-range classroom
- Arkansas finance study recommends 1:15 for K-3 and 1:25 for 4-12

# BASE STUDENT COST

## Addition of Classroom Teacher Costs for a Ratio of 1:21

- Elementary \$2,899.09
- Middle \$2,864.81
- High \$2,834.44

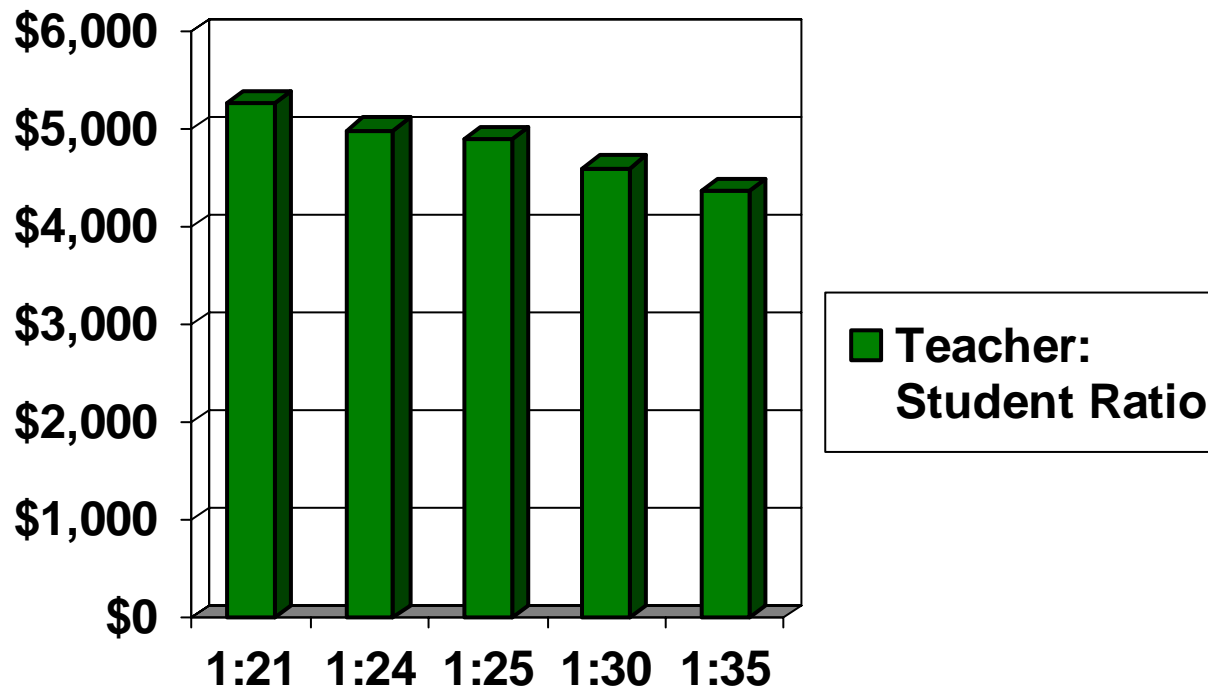
# What are the cost expectations with lower teacher-student ratios?

• Ratio	Lowest bsc	Highest bsc
• 1:21	\$5,239	\$5,259
• 1:24	\$4,977	\$4,991
• 1:25	\$4,870	\$4,901
• 1:30	\$4,548	\$4,603
• 1:35	\$4,333	\$4,364



# BASE STUDENT COST

## At Different Teacher: Student Ratios



# Weighted Pupil Units

- EFA indicates that each student should receive “instruction appropriate to his needs”
- Current model uses a student in grade 4-8 as the base (weighted 1.0) and varies that model to increase funding at lower grades and for students with disabilities
- The current teacher-student ratio (required for “regular education students” in grades 4-12) is 1:35

# Proposed Revisions to Weightings

- Built upon an examination of student performance and statewide issues:
  - Decline in performance as students move through the grades
  - Underachievement by students with disabilities, from economic disadvantage, with limited English proficiency
  - Inability for students “at the top” to maintain that level of performance
  - Dismal dropout and high school completion rates
  - 26 percent of 18-24 year olds without a high school diploma

# Proposed Revisions to Weightings

- 1.0 weighting for students in K-12
  - Differentiation achieved through district decisions to use funds in a flexible manner
  - Level of funding dependent upon teacher-student ratio used in base student cost

# Special population weightings

- Retain differentiated weightings for students with disabilities, with the exception of homebound
- Fund career technology at one weighting of 1.20
- Fund 17-21 year olds in adult education at 0.20
- Fund over 21 years adult education population at 0.10

# Add-on Weightings

- Gifted and Talented: all academic and artistic students in grades 3-12 at .15
- Career Exploration: all students in grades 6-9 (funds a counselor to student ratio of 1:250 or 1:300 with funds for activities in accordance with Education & Economic Development legislation)
- Prevention: based upon students included in poverty composite, weighted at .20 (based upon costs of Success for All and Roots and Wings)
- Remediation: based upon students scoring below basic on state assessments, weighted at .114
- Limited English Proficient: based upon NC model, weighted at .20

# What are the total costs of these options?

Ratio	Total Cost
1:21	\$4,343,783,277
1:24	\$4,122,422,958
1:25	\$4,048,085,537
1:30	\$3,801,946,078
1:35	\$3,604,538,928

# What is the state share?

At	100-0	70-30	60-40	50-50
1:21	\$4,343,783,277	\$3.04 b	2.61b	2.17 b
1:24	\$4,122,422,958	\$2.88 b	2.47 b	2.06 b
1:25	\$4,048,085,537	\$2.83 b	2.43 b	2.02 b
1:30	\$3,801,946,078	\$2.66 b	2.28 b	1.90 b
1:35	\$3,604,538,928	\$2.52 b	2.16 b	1.80 b



# State Revenues Used in the Estimate

- General Fund \$1,605,703,947
  - EFA
  - Employer Contributions
  - Adult Ed
  - Retiree Insurance
  - NBPTS
  - Reduce Class Size
  - Credits for HS Diploma
  - School Safety Officers
  - Middle School Initiatives

# State Revenues, continued

- EIA Allocations to School Districts-  
\$462,218,461
- Transportation to School Districts-\$45,060,156
- Lottery K-5 Enhancement- \$40,000,000
- Local Property Tax Relief-\$244,066,474
- Homestead Exemption-\$65,475,167
- Other Revenues in Lieu of Taxes \$37,488,623
  
- TOTAL                    \$2,500,012,828

# State Revenues Excluded from the Estimate

- State Building Aid
- Textbooks
- EAA Technical Assistance
- SDE Appropriations (e.g., testing, transportation)
- Program for four-year-olds

# Local Revenues used in the Estimate

- Ad Valorem Taxes Only
- 2001-02            \$1,761,850,456
- At 30 percent local share, the required funds are \$1,298,179,155 to implement the 1:21 ratio

# What new state funds would be required?

At upper estimates for the base student cost and a 70 percent state share. . .

- 1:21 \$540,635,466
- 1:24 \$385,683,243
- 1:25 \$333,647,048
- 1:30 \$161,349,427
- 1:35 \$ 23,264,421

# Issues Not Addressed

- The impact of economic incentives on local revenue base (in contrast with the value of local property used in the index of taxpaying ability)
- State responsibility for school facilities
- Calculation of the SE average salary, excluding TSOS and NBPTS
- Special weightings for arts, health, pe, etc.

# Additional Issues

- Linkage of adult education to family literacy
- State appropriations for instructional materials
- Child development programs for four-year olds
- Roles of state agencies